



22 August 2016

1. UK considers penalties for advisers promoting tax avoidance

On 17 August 2016, the UK tax administration (HMRC) released a discussion document titled: “Strengthening tax avoidance sanctions and deterrents”, proposing a new penalty for enablers of tax avoidance schemes which are defeated by HMRC and changes to the existing penalty legislation for users of such schemes. According to the document, the fine imposed on advisers could be as much as the avoidance scheme helped its users save. Comments are invited until 12 October 2016. HMRC envisages issuing a response document to be released still this year.

- Discussion document: [EN](#)
- Euractiv article, 17.8.2016:[EN](#)

2. OECD consults on recommendations on hybrid mismatches involving branch structures

On 22 August 2016, the OECD issued a Discussion Draft on countering hybrid mismatches taking the form of branch mismatch structures. The OECD Final Recommendations of October 2015 on BEPS Action 2 suggest domestic rules in either the payer or payee jurisdiction to neutralise the tax effects of hybrid mismatches, specifically targeting payments that give rise to the following outcomes:

- deduction / no inclusion outcomes, where the payment is deductible under the rules of the payer jurisdiction but not included in the ordinary income of the payee;
- double deduction outcomes, where the payment triggers two deductions in respect of the same payment; and
- indirect deduction / no inclusion outcomes, where the income from a deductible payment is set-off by the payee against a deduction under a hybrid mismatch arrangement.

The new Discussion Draft specifically addressing branch structures identifies five basic types of arrangements and sets out recommendations for domestic rules to counter these. Comments have to be submitted by 19 September 2016.

- Discussion draft: [EN](#)
- Press release: [EN](#)

3. Tax information exchange: bank accounts and beneficial ownership

On 17 August 2016, the UK tax administration (HMRC) released an updated list of 45 countries that have committed to share information on beneficial owners of companies.

The OECD, on 19 August, updated its list of now 83 countries that have signed the Multilateral Competent Authority Agreement on implementing the Common Reporting Standard on exchange of financial account information.

- HMRC list on beneficial ownership information exchange, 17.8.2016: [EN](#)
- OECD list on the Common Reporting Standard, 19.8.2016: [EN](#)

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